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NOTES AND MEMORANDA.

MESSRS. MACMILLAN announce a Dictionary of Political Economy, under the editorship of Mr. R. H. Inglis Palgrave. Its scope, according to the English traditions, may be expected to be somewhat less wide than that of the German dictionaries and handbooks; while, on the other hand, English subjects and authors will naturally receive a greater share of attention. The name of the editor is a guarantee of careful and scholarly treatment. The first volume, covering the letters A-C, is nearly completed; and the second, covering D-K, is in hand.

The same firm have also in the press a treatise on the *Elements of Politics*, by Professor Henry Sidgwick. Among the subjects dealt with, besides the general principles of legislation, are Socialistic Interference and the Resources of Government.

It is also announced that an "exhaustive" life of Adam Smith is in preparation by Mr. John Rae and may be expected to appear shortly.

THE legislation of Germany on co-operative societies has been codified, and in some respects amended, by the act for their regulation passed on the first of May last. Much the most important change is that by which the members of a society are no longer to be liable, jointly and severally, for its debts. The principle of direct and unlimited liability has been peculiar to the German societies, and was imposed on them by law at the instance of Schulze-Delitzsch. But the growth of the movement, the development of various sorts of societies, and, not least, the shock occasioned by the enforcement of unlimited liability in some striking cases, led even Schulze himself, in the later years of his life, to admit the desirability of some modification.

The new act permits a society to register with one of three forms of liability for the members: (1) unlimited liability directly to the creditors for all debts; (2) unlimited liability to the society, the creditors having a remedy against individual members only if insolvent members have failed, after judicial proceedings, to make a fund sufficient to meet the debts; (3) liability limited to a certain amount. In this last case, there is a provision similar to that of our national banking law,—each member shall be liable, not only for his share of the society's capital, but for at least as much more. The societies with limited liability are under certain restrictions as to transferability of stock, continuing liability of members after they have left the society, voting rights by members, and not by shares, which are expected to prevent them from degenerating into ordinary joint stock concerns.

THE discussion on international legislation for the protection of workmen, of which an account was given in the last issue of this journal, has been advanced a step by a circular note addressed by the Swiss *Bundesrath* to the governments of the other European countries. This note, dated March 15, and printed in full in the last number of the *Jahrbuch für Gesetzgebung*, invites the governments to send representatives to a conference at Bern, in September, at which a preliminary list of measures is to be drawn up. The *Bundesrath* itself suggests the following points for consideration: (1) prohibition of work on Sundays; (2) a minimum age for children employed in factories; (3) maximum working hours for young persons; (4) prohibition of employment of women and children in dangerous or unhealthy occupations; (5) limitation of night-work for the same classes; (6) the mode of carrying out any agreements that may be reached. The language of the note is cautious, and in some ways curiously cautious. The conference, it is said, must confine itself to drafting measures for future consideration, without power to bind any government. Switzerland disclaims for herself any intention of weakening her present legislation: she means rather to strengthen it. Among the grounds for international regulation, quite as much stress is laid on the need of "checking

the production of goods in excess of demand" as on the desirability of helping and protecting the workmen; while, again, among the grounds for helping the workmen, reference is adroitly made to the loss of military effectiveness, which results from their physical deterioration.

On another page of the *Jahrbuch*, we are told that the note elicited a sufficient number of favorable answers to make the conference at Bern certain. It remains to be seen whether this effort will prove more successful than the similar one made by Switzerland in 1871.

IN the Appendix to this number is printed a translation of the text of the German act of May last on pension insurance for workmen. It will be seen that the measure sets up, in addition to the *Krankenkassen* already organized for sick insurance, and the *Berufsgenossenschaften* for accident, a new piece of machinery in the shape of the *Versicherungsanstalten*.

These insurance offices are much more distinctly government affairs than the earlier forms of organization. In the latter, an attempt was made to let the workmen and employers manage the business as much as possible for themselves, and to minimize government interference. But the principle of compulsory insurance brings with it a need of searching public control; and the tendency has been, almost inevitably, for the government to take an increasing share in the direct management of the system. The freedom of the individual is least restricted in the *Berufsgenossenschaften*, which the employers manage somewhat as they please; but they are a cumbrous and expensive piece of machinery, dwarfed into comparative insignificance by the new act, and likely before long to be much modified or even given up entirely. In sick insurance, the *Ortskrankenkassen*, which are organized by trades, are said to work less economically and efficiently than the associations managed directly by the municipal or communal authorities; and the disposition is to put the whole business of sick insurance into the hands of such public associations. In the new act, the share which workmen and employers have in the management is very slight. The important body is the *Vorstand*, which consists of officials appointed by the local or central bodies.

Perhaps the most striking feature of the present act is the complexity of the calculations it will necessitate, and the enormous amount of clerical labor it will entail. These difficulties are the result of the grading of the pension. The pensions vary with the contributions paid on the workmen's account, the contributions, again, varying with their wages. The minimum pension, for old age, will be 106.40 marks a year; the maximum to be 191 marks. For disability, the minimum is 114.70 marks; no maximum is defined, but the pension can hardly exceed 300 marks. To determine how large it shall be, a complete record must be had of the contributions paid for every workman since his seventeenth birthday. Obviously, this record, once begun for any workman, must be kept intact until his pension is settled or it is certain that he has died; and these millions of records must be registered and catalogued. And the final step of making out the pension from the record will be no light task. It must appear in almost every case that the applicant's contributions were not uniform; for his wages, and therefore the contributions paid on his account, will have varied from time to time. Moreover, in the vast majority of cases, he will have belonged, in the course of his life, to different insurance offices. It will be necessary, therefore, to calculate not only the total pension to which his contributions entitle him, but also the share of the pension due from each insurance office concerned, that share varying according to the contributions each office has received on his account. It is not surprising that a separate department, a division of the Imperial Insurance Bureau, is established for aiding in these laborious computations.

For keeping the record and paying the contributions, the stamp method is used. The record of contributions is kept on cards, one issued to each person insured for every year of contribution. On the cards the employer or his agent pastes stamps for the amount of contributions due on the workman's account. When a card is covered with stamps for a year of contribution, it is to be returned to that insurance office in which the workman first began his connection with the insurance system, and is there kept, with the man's other cards, until he makes application for a pension. The device is in-

genious, yet not without its difficulties. Some objections, it is true, are met by calling in aid the existing machinery of the sick associations. These associations can be made agents for collecting the contributions; they affix the required stamps to the cards, and collect from each employer the total sums due by him. Negligence and mistake by the employer are thereby in some degree guarded against. But the workman is the custodian of the card for the current year; he must carry it with him as his employment shifts; and, obviously, there is danger of loss, negligence, defacement.

All the machinery of the new act, even more than that of its predecessors, presupposes a thoroughly centralized and highly capable body of public officers, whose activity must ramify to the remotest corners of the country. To attempt to work such a system in a country like England or the United States would be preposterous; and it is a question whether even German bureaucracy may not break down under the task now imposed on it.

THE COST OF PRODUCTION OF CAPITAL.*

MR. GIDDINGS'S "further analysis" of the economical notions expounded in Professor Böhm-Bawerk's book on Capital could hardly, I think, be accepted by the professor (though, no doubt, he will speak for himself). It seems at least inconsistent with the several principles of the school to which the professor belongs. To writers who agree that interest is a question not of production, but of distribution, it could never appear right to describe interest as "a unique stream of wealth drawn by means of capital from the bounty of nature." To them it is a problem not of a surplus product, but of a surplus value.

Mr. Giddings is of course fully aware of the distinction; and, near the end of his note, he goes so far as to say that capital by making labor productive tends to bring its own interest to a minimum (p. 507). Yet his main contention (if I mistake not) is that interest does not fall to zero because the cost of producing capital is always greater than the cost of producing articles for immediate consumption (p. 505). In

* See *Quarterly Journal of Economics*, July, 1889, p. 503.